The Great Game on a razor's edge

The Stakes go up in Central Asia

By M. K. Bhadrakumar
Global Research, December 26, 2006
Asia Times 23 December 2006

Region: Russia and FSU
Theme: Oil and Energy, US NATO War Agenda

The accidental killing of Alexander Ivanov, a Kyrgyz fuel-truck driver, by Corporal Zachary Hatfield, a US serviceman, at the Manas Air Base on the outskirts of the Kyrgyz capital Bishkek in December is threatening to snowball into a first-rate crisis for the United States' regional policy in Central Asia.

Manas is the lone US military base in all of Central Asia – close to the Chinese border of Xinjiang. Curiously, this was also how the year 2006 began, as Washington was grappling with the call made by the Shanghai Cooperation Organization (SCO) for a timeline for the withdrawal of the US military presence in Central Asia.

In a nationally televised address, Kyrgyz President Kurmanbek Bakiyev called for reviewing the Manas base agreement with the US. The Kyrgyz Parliament passed a resolution that given the "negative perception of the American image among our country's population", Bakiyev should examine the continuance of the base. The Foreign Ministry made a demarche with the US that Hatfield shouldn't leave until the Kyrgyz due process of law took its course.

This is rhetoric out of Latin America. Yet Bakiyev had only come to power on the crest of the US-backed "Tulip Revolution" of March 2005. But US-funded Kyrgyz "civil society" groups are nowadays arrayed against him on account of his increasingly pronounced foreign-policy leanings toward Russia and China.

They turned rowdyish in November, and humiliated him, forcing on him a new constitution curtailing his presidential powers. That is to say, Washington must now seek Bakiyev's help while backstage it could be funding and instigating political activists bent on overthrowing him. Bakiyev's overthrow may help the US firm up its grip on Manas, but today his helping hand is useful for preserving US interests. Nothing could be more surreal. Nothing would so vividly epitomize the complexities of the geopolitics of Central Asia.

Great Game slows down

The Great Game in Central Asia itself may appear to have considerably slowed down in 2006. But nothing could be more deceptive an impression. True, we've witnessed nothing like the cataclysmic events of the previous year – "Tulip Revolution" or the Andizhan uprising in Uzbekistan. Yet great-power rivalries most certainly continued – passions that were largely driven underground, where they simmered without taking a confrontational character.

Partly this was because the bickering over geopolitical influence became somewhat manifestly lopsided, with Russia and China not only retaining their gains of yesteryear but also consolidating them, and the US painstakingly attempting to recoup its lost influence in the region.

The single biggest “success story” of US diplomacy in the Great Game during the past year has been that Washington prevailed on Russia and China to give consideration to its reasoning that granting full membership to the Islamic Republic of Iran in the SCO might not be consistent with their own long-term interests. This was no mean achievement, considering that both Russia and China have such high stakes in their bilateral relations with Tehran. But Iranian President Mahmud Ahmadinejad attended the summit as a special invitee. The SCO evidently keeps open the “threat” of Iranian membership.

Equally, the fact that, unlike its previous year’s summit, the SCO meeting in June 2006 did not assume an overt anti-American overtone must remain a matter of relief for Washington. In many ways, the SCO demeanor has come to be the litmus test of the United States’ geopolitical standing in Central Asia at any given time. Contrary to earlier US estimations, the SCO is increasingly acquiring a swagger that is suggestive of its potential to become the main powerhouse of the Eurasian region – arguably, a leading Eurasian economic and military bloc. The SCO comprises China, Russia, Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan.

During the five-year period since its birth in 2001, the SCO, which has as members a number of underdeveloped countries including some desperately poor ones with nothing ostensibly to bind them together except their common geography, has not only held together but has grown in size and influence.

Initially drawing on the Chinese tri-fecta of “terrorism, separatism and extremism”, the SCO speaks today about the establishment of a free-trade area and about common energy projects such as exploration of hyrdrocarbon reserves, joint use of hydroelectric power and water resources. But from the US perspective, the SCO agenda continues to be laden with a heavy cloud of suspicion regarding the United States’ geostrategic intentions in the Central Asian region.

This impression gets further confirmed by the SCO’s decision to hold large-scale joint military exercises scheduled for the coming summer in central Russia with the Collective Security Treaty Organization (CSTO), the military alliance that is Moscow’s answer to the North Atlantic Treaty Organization’s enlargement into the post-Soviet space. The CSTO includes Russia, Belarus, Armenia, Kazakhstan, Kyrgyzstan and Tajikistan.

That the military exercises will take place against the backdrop of the chill that has descended on Russia-US relations in the past year or two, and in the light of the likely deployment of the first interceptors of the US missile defense systems in Central Europe and the Asia-Pacific region, is no doubt significant.

It is irrelevant whether the SCO can be called a latter-day Warsaw Pact or a “NATO of the East”. What is important is that on a practical plane, when it transpired that the US aircraft deployed at Manas Air Base might be undertaking reconnaissance missions into sensitive military regions in central Russia and China’s Xinjiang, Moscow and Beijing put their foot down and acted in concert within the framework of the SCO, insisting that the stated purpose of the US military presence in Central Asia must be fulfilled in letter and spirit, namely that it restricted itself exclusively to undertaking resupply missions for the “war on terror" in Afghanistan.

The then-Kyrgyz president, Askar Akayev, was caught in the middle and overthrown from power in the process as a furious Washington let loose the "Tulip Revolution" on him for his perceived intransigence in turning down the US request for the stationing of AWACS (Airborne Warning and Control System) aircraft in Manas. But the SCO quietly and firmly held its ground. Thereby it made an important point – that it had gained traction as a security organization. Not only that, the SCO proceeded to follow up at its summit in June 2005 with the call for the vacation of the US military presence in the region.

Indeed, going one step further, the SCO emphatically rallied behind the leadership of Uzbekistan in its move to ask for the vacation of the US air base at Karshi-Khanabad. On both counts – restrictions placed on the use of Manas and the eviction from Karshi-Khanabad – Washington meekly had to give in. In the process, Bishkek even renegotiated the bilateral agreement on Manas a few months ago by getting Washington to increase the annual rent of the base from US$2.7 million to between $150 million and $200 million.

The year 2006 has thus made it clear that the US is unlikely to become a single dominant power in Central Asia. Simply put, Russia and China have together put up the SCO dikes delimiting the US influence in the region, which will be difficult for Washington to breach for the foreseeable future. During the year, by and large Washington has vainly exhausted its energies in attempts to create misunderstandings between Russia and China and in pitting one SCO member state against another.

The heart of the matter is that apart from the bleeding wounds in Iraq and Afghanistan, which remain a major distraction for US diplomacy worldwide, US policy in Central Asia is seriously handicapped in two other respects. First, the United States' complete loss of influence in Tashkent after the Andizhan mishap in May 2005 is cramping overall US diplomacy in the region.

There is no denying that Uzbekistan is a key country in Central Asia. In the Soviet era, everyone from Josef Stalin down knew the axiom that Uzbekistan was the hub of the geopolitics of the region. True, the US put out several feelers to Tashkent through intermediaries for reconciliation, and lately even the European Union lent a hand, but Tashkent wouldn't budge. The laceration of Uzbek national pride by the US over Andizhan opened such painful wounds that forgiveness may take much time coming and will extract sincere repentance on the part of Washington for its role in the Andizhan uprising. Meanwhile, the US has been left with no option but to watch Russian and Chinese influence in Tashkent expanding by leaps and bounds.

In a similar fashion, but in an even more fundamental sense, US diplomacy in Central Asia is seriously hobbled by Washington's alienation from Iran. Ten years have gone by since the famous article by Zbigniew Brzezinski in Foreign Affairs magazine calling for unconditional abandonment of the US policy of containment of Iran. Brzezinski had brilliantly argued the case (which most US career diplomats assigned to the region then also believed) that for US regional diplomacy to be anywhere near optimal in the Caucasus, in the Caspian region and in Central Asia, it must befriend Tehran. But Washington's mental block over Iran persists.

Meanwhile, the "Greater Central Asia" strategy unveiled by Washington last April with so much elan has already fizzled out. The strategy was avowedly intended to roll back Russian and Chinese influence in the region. Testifying before the US Congress that month, a senior State Department official said, “A lot of what we do here is to give the countries of the region the opportunities to make choices … and keep them from being bottled up between two great powers, Russia and China.”

The US official conjured up visions that could only belong to the world of fantasies: “Students and professors from Bishkek and Almaty can collaborate with and learn from their partners in Karachi and Kabul, legitimate trade can freely flow overland from Astana to Islamabad, facilitated by modern border controls, and an enhanced regional power grid stretching from Almaty to New Delhi will be fed by oil and gas from Kazakhstan and Turkmenistan and hydropower from Tajikistan and Kyrgyzstan.”

No wonder there are no takers in Central Asia for Washington’s policy construct. Central Asian states are aware of the Taliban’s resurgence in Afghanistan, and reckon that peace is a distant goal. Even New Delhi seems embarrassed. Islamabad keeps quiet. The only capital to evince enthusiasm for Washington’s paradigm of steering Central Asian states toward South Asian allies has been Kabul.

Sino-US convergence?

But failures may often hold the key to success. In a way, the current failures in regional policy may open a window of opportunity for the US in the period ahead. The point is: Without the glue of a serious US geopolitical challenge to bind them together into undertaking collective countermeasures, can the Sino-Russian condominium hold together in Central Asia for long? It is apparent that divergences have already appeared in the respective Chinese and Russian interests in Central Asia.

China has used the SCO forum and the Russian influence in Central Asia to return to the region, which is indeed its back yard, for the first time in nearly 1,000 years. It is important to bear in mind that Beijing launched the idea of the SCO, and Russia accepted it. China views Central Asia as its “near abroad”. As China’s economic muscle grows, Beijing can afford to be more assertive.

China’s soft power is already at work in the region. It is increasingly able to invoke its bilateral-cooperation mechanisms with Central Asian countries. There is hardly any need for China to ride piggyback on Russian goodwill or Russian influence in the region. China has used the SCO for acquiring local knowledge, and in building relations with the region’s indigenous political, economic and military elites.

It is in the area of energy security that Chinese interests and concerns have already begun diverging significantly from those of Russia. The trend during 2006 has been that Russia’s energy interests – in controlling the region’s transportation routes for oil and gas, in sourcing the region’s energy for meeting Russia’s domestic needs that would leave an exportable surplus for meeting its commitments in Europe, in having a say in determining the price of energy in the region – are increasingly affected by China’s robust quest for oil and gas in the region.

The early signs of this contradiction in Sino-Russian cooperation in Central Asia began appearing in 2005 when the China National Petroleum Corp acquired the PetroKazakhstan oil company for $4.18 billion.

China’s gas deal with Turkmenistan in April 2006; the commissioning of an oil pipeline from Kazakhstan; China’s proposal for an energy-pipeline grid for Central Asia and connecting it with Xinjiang; China’s cooperation agreement with Iran in the Caspian region; China’s gas deals with Uzbekistan; China’s interest in participating in a Turkmenistan-Afghanistan-Pakistan gas pipeline – all these are happenings within one calendar year, each imbued with strategic significance.

This past year, too, China has waded into the controversial waters of the Caspian Sea in search of oil when last January Iran’s North Drilling Co and China Oilfield Services Ltd signed an oil-exploration agreement relating to the disputed deep waters of the southern Caspian. In one way or another, all these developments cut into Russian interests in Central Asia’s energy sector.

Having said that, however, the China-Russia strategic partnership has a much greater regional and global logic than Central Asia, and the attempt in Moscow and Beijing will presumably be to harmonize their differences in Central Asia from spinning out of control. Also, both Moscow and Beijing realize that Central Asian states themselves will seek out Russia to balance their relations with China.

How these contradictory tendencies will play out within the SCO processes presents an engrossing topic. Clearly, the opportunity arises for the US to establish a dialogue with the SCO. A breakthrough may come in 2007. The prominent Russia hand in the Heritage Foundation in Washington, DC, Ariel Cohen, wrote recently, “Given that the SCO primarily serves as a geopolitical counterweight to the US, Washington stands little chance of ever receiving full membership in the group … But US officials do not necessarily need full membership in the organization in order to work closely with the Central Asian states. It would serve Washington’s best interests to remain in close contact with the SCO. To do so, it could resubmit an application seeking observer status.

“To boost the chances of success,” Cohen added, “the US should engage Central Asian states by balancing democracy promotion and democratization with its other national interests, including security and energy.”

Conceivably, we may expect even a NATO overture to the SCO in the coming year. In an exclusive interview with People’s Daily last month, NATO secretary general Jaap de Hoop Schaffer held out the interesting suggestion to Beijing that there doesn’t have to be a contradiction between China’s membership of the SCO and China’s future cooperation with NATO.

Without doubt, a palpable sense of urgency is already apparent in US thinking to the effect that the Chinese-Russian strategic partnership poses a serious threat to the United States’ geopolitical position in Central Asia, and second, that China is actively remaking Central Asia’s order. Last September, the US Congress held a special hearing titled “The Shanghai Cooperation Organization: Is it Undermining US Interests in Central Asia?”

Moscow seems to anticipate that another US bid for observer status with the SCO is looming – and that unlike in 2005, Beijing may not oppose it this time. Curiously, at the end of December, Russia formalized a mechanism for regular political dialogue with the Mercosur grouping of Latin American countries, which has a definite slant (comparable to the SCO’s) against US economic hegemony in the Western Hemisphere.

Speaking on the occasion in Brasilia, Russian Foreign Minister Sergei Lavrov said, "We have, by and large, been watching with the most sincere sympathy the integration processes in South America. We consider that the strengthening and elevation of the level of integration within the region works objectively in favor of the creation of a more stable and more fair world order in which all problems will be tackled multilaterally. I am certain that the partnership between Russia and Mercosur will be instrumental in attaining this goal."

The US estimation is basically that behind the facade of unity, China, Russia and the other SCO members and observer countries harbor serious differences of opinion. While "discord" may be too strong a word, to quote a US strategic analyst, "It is quite possible that differences will grow behind the facade of [SCO] unity. Washington must be alert to exploit any openings to gain geopolitical advantage. While the political, ideological and military dimensions of the New Great Game in Central Asia continue to heat up, it should be clear to all players that plenty of time remains in the contest. The SCO now appears to have momentum on its side, but such an advantage can dissipate quickly."

Thus the US would tell China that Russia was needlessly dragging it into an anti-American bloc, and that there was nothing irreconcilable involving US and Chinese interests in Central Asia. US strategic analysts have been arguing that both the United States and China are interested in the stability of the region; both are against the ascendancy of extremist forces in the region; both are interested in Central Asia's transition to market economies and in the region's globalization; both have stakes in the rapid development of Central Asia's hydrocarbon sector and in the diversified and efficient flow of the region's energy to the world market.

There are signs that the US is also using the oil-price issue as a wedge to divide Russia and China. The US has also been campaigning in the capitals of SCO member countries (and observer countries) that Russia is aspiring to transform the SCO into a club of energy producers and to be its dominant partner, and that if the Russian stratagem is allowed to proceed unchecked, that will be detrimental to the interests of Central Asian energy producers – and even of China and India. These are interesting straws in the wind.

The recent five-nation energy summit of major Asian consuming countries (China, Japan, South Korea, India and the US) hosted by China is partly at least an expression of Beijing's commonality of interests with Washington in leading an energy dialogue of consuming countries vis-a-vis Russia. Conceivably, Beijing may be harboring grievances that Moscow is keeping Chinese companies out of investment opportunities in Russia's strategic oil and gas fields in Russia's Siberia and the Far East, and even in the Russian pipelines leading to the Chinese market.

China may also be displeased with Gazprom's insistent attempts to get in on the Sakhalin energy projects. ExxonMobil is under pressure for a proposed gas pipeline from Sakhalin-1 to China. Russia's gas monopoly seems to want to discount any competition for its own plans for a gas pipeline to China through the Altai highlands near the Russian-Kazakh-Mongolian border. Its preference seems to be to buy all gas from Sakhalin-1 so that it remains the sole exporter of gas to China. China is also keenly watching the holdup in Sakhalin-2, being the highest-profile foreign-investment project in Russia's energy sector to date.

Important investment decisions are pending in 2007 with regard to Sakhalin-1, Sakhalin-2, Sakhalin-3, the Shtokman gas fields and the vast Russian energy reserves in the Far East on the whole. How the Kremlin makes these decisions will have a significant bearing on Chinese thinking and, indirectly, that can cast shadows on the geopolitics of Central Asia.

Besides, the ground reality is that according to recent studies, Russia will need to import 79 billion cubic meters (bcm) annually from Central Asia's gas-producing countries (Kazakhstan, Turkmenistan and Uzbekistan) to meet its domestic needs and to fulfill its export commitments. How this plays out in Russia's overall political and economic ties with Central Asian countries will have a significant impact on the regional milieu.

It is obvious that Gazprom views Central Asia as a priority area. A major development in 2006 in Central Asia's energy sector was the agreement between Gazprom and Uzbekneftgaz to undertake a geological survey of Uzbekistan. Gazprom is committing $260 million in the coming three years alone for the exploration of the Ustyurtki oil and gas deposits in Uzbekistan. Again, Russia and Kazakhstan entered an agreement in October to set up a gas joint venture at the Orenburg gas refinery in Russia – the first time Kazakhstan was making a major investment in the Russian economy.

The joint venture is expected to process 30.6bcm gas in 2012, including 15bcm from Kazakhstan's Karachaganak gas field (which has an estimated 1 trillion cubic meters of reserves), which Russia and Kazakhstan are pledged to develop jointly.

Niyazov's secret

The struggle over control of oil and gas and their transportation routes is bound to intensify in 2007. It will remain central to the geopolitics of Central Asia. In turn, pipeline politics in the Caspian can be expected to produce strange bedfellows.

Already, geopolitical circumstances in the Caspian Basin have led to a sharp deterioration in Russia-Azerbaijan relations. Again, despite all the wooing of Kazakhstan by Washington, the indefinite postponement of the Odessa-Brody pipeline project last week has stemmed from Kazakhstan having to be mindful of Russian sensitivities.

Least of all, Iran remains the wild card in the pack. Depending on which way the Iran nuclear issue develops in 2007, Iran can impact on the energy map of China, Central Asia, the Caspian, the Caucasus, Russia and Europe – and, conceivably, the United States itself.

But an entirely new ball game opens up with the sudden demise of Turkmen president Saparmurat Niyazov on December 21. It calls attention to the fragility of the Central Asian calculus. The political uncertainties centered on Niyazov's successor come at an extremely tricky time when Russia, China and the US are virtually preparing to besiege Ashgabat with offers and counter-offers for gaining access to Turkmenistan's gas reserves.

Will Niyazov's successor follow his policy of "positive neutrality"? Russia strives to retain its strategic leverage as the monopolist transporter and re-exporter of Turkmen gas. The European Union, supported by the US, on the other hand, is attempting to resist the Russian leverage by opening direct access to Turkmen gas.

In 2006, the US and Turkey revived the 10-year-old idea of a trans-Caspian gas pipeline project (as part of the so-called East-West Energy Corridor) to supply Turkmen gas to Europe via Turkey. Turkmenistan's gas output may well approach 80bcm annually at present. The trans-Caspian pipeline envisages an annual draw of 16bcm from the Turkmen output in the first stage, to be expanded to 32bcm in the second stage. In the US geostrategy, the project is vital for reducing Europe's heavy dependence on Russian energy supplies. Niyazov had prevaricated in the light of Moscow's opposition. But what will be the outlook of Niyazov's successor?

Russia, on the contrary, will insist on the fulfillment of its April 2003 framework agreement with Turkmenistan, which provides for a 25-year contract on gas supplies to Russia, with Ashgabat pledging to supply 100bcm per year of gas from 2010 onward (a total of 2 trillion cubic meters cumulatively over the 25-year period). Moscow now seeks to tap even more deeply into Turkmenistan's gas reserves for meeting Russia's domestic needs and for re-export to Europe as "Russian gas".

Meanwhile, Turkmenistan also stands committed to supply 8-10bcm of gas to Iran's northern region, apart from occasionally voicing interest in the Turkmenistan-Afghanistan-Pakistan pipeline project. China, on its part, entered an agreement with Niyazov in April for purchase of 30bcm of Turkmen gas annually from 2009 onward for a 30-year period, and jointly to explore and develop Turkmen gas deposits on the right bank of Amu Darya River.

Besides challenging Russia's monopoly control of Turkmen gas hitherto, China has also undercut the Russian practice of buying cheap Turkmen gas, by agreeing that China will pay a price "set at reasonable levels, and on a fair basis, pegged on comparable international market price". At the same time, China's deal also threatens the West, which will be a strategic loser if Turkmenistan decides to send its gas eastward instead of Europe.

The European Union's 3,400-kilometer Nabucco gas pipeline from eastern Turkey to Austria and central Europe at an estimated cost of $5.8 billion, to be commissioned in 2010, will be a net sufferer in that case, as it is predicated on the expectation that Turkmenistan can be a key supplier country.

Niyazov was always an enigmatic figure on the Central Asian political chessboard. But the biggest puzzle he has left behind was no doubt his chance remark shortly before his death in a conversation with visiting German Foreign Minister Frank-Walter Steinmeier in Ashgabat that Turkmenistan recently discovered a super-giant gas field, South Iolotansk, with proven reserves of 7 trillion cubic meters of gas.

Like Corporal Hatfield in his sentry post in Manas Air Base in Kyrgyzstan, Niyazov didn't probably realize what a maelstrom he was creating. If South Iolotansk indeed holds such untold treasures, the impact on the energy map of Russia, Europe and China will be dramatic. And certainly, the center of gravity of the Great Game will overnight shift eastward to the home of the fabled Ahalteke race horse – away from the SCO and all that. Central Asia, then, may never be the same again.

***M K Bhadrakumar** served as a career diplomat in the Indian Foreign Service for more than 29 years, with postings including ambassador to Uzbekistan (1995-98) and to Turkey (1998-2001).*

Become a Member of Global Research

Articles by: M. K. Bhadrakumar